

LOWER HEALTH CARE COSTS

COMPREHENSIVE COVERAGE

QUALITY CARE STATEWIDE

DIRIGO HEALTH

Help is on the way!

*Ensuring access to affordable, quality care
for all Maine people*



Expensive Health Care Causes Many Problems

In Belfast, Maine, a young man who was unable to afford health insurance is faced with \$15,000 in medical bills after being involved in a life-threatening accident. He is left “haunted not just by death, but by debt...”

In the beginning of 2003, a small business on Mount Desert Island faced a 50% increase in its insurance premiums. To afford the increase, salaries were reduced by \$1 an hour and one employee was laid off for 6 months. The business had to gross over 15 percent more in 2003 to meet the health insurance costs.

Did you know?

- Between 1996 and 2001 Maine’s small businesses saw health insurance premiums for comprehensive coverage jump 58%.¹
- 73% of the uninsured work in small businesses or are self-employed.²
- There are approximately 140,000 Maine people without health insurance,³ even though Maine ranks 11th in the nation on per capita health care spending.⁴
- We all pay for the uninsured to receive health care. When the uninsured seek care that they can’t pay for, the cost of providing that care becomes a hidden tax passed on to the rest of us through higher insurance premiums. This care is called bad debt and charity care. In 2001, bad debt and charity care cost \$275 million.

Dirigo Health – *Help is on the way!*

Dirigo Health is a comprehensive solution to meet Maine's health care needs of access to coverage, lower costs, and improved quality of care statewide. Proposed by Governor John Baldacci, the Maine Legislature overwhelmingly supported the Dirigo Health Act which became law in the summer of 2003.

Specifically, Dirigo Health will help with...

- **Access** – *filling the affordability gap* – The Dirigo Health Plan is a voluntary market-based program designed to help small businesses, employees and individuals afford health coverage. The Dirigo Health Plan will be offered by private insurance companies and eligible workers and individuals will get help to afford the program.
- **Costs** – *delivering lower health care costs* – Dirigo Health works closely with Maine's hospitals, doctors, patients' advocates, businesses and insurance companies to control rising health care costs. A State Health Plan will make sure all Maine people have health care when and where they need it at a price they can afford. Covering Maine's uninsured will significantly reduce bad debt and charity care costs.
- **Quality** – *improving quality of care statewide* – Dirigo Health creates the Maine Quality Forum to promote quality of care initiatives and educate providers and consumers on best medical practices and other quality of care indicators.

Why access, cost and quality?

If we only expand access, costs will increase. If we only lower costs, access will be limited. If we address only quality, people will remain uninsured and costs will remain high. Health reform can't be done piecemeal. Dirigo Health does all three.

How will I benefit from Dirigo Health?

All Maine people will benefit from...

- Lower health care costs.
- Improved quality of care when and where it is needed.
- Lower health insurance premiums.
- An affordable health plan for small businesses and individuals offered by private insurance companies.
- Subsidies to help employees and individuals purchase the plan.
- Disease prevention, health promotion, and wellness programs.

What is the Dirigo Health Plan?

- It is a health care plan designed to give businesses with fewer than 50 employees, the self-employed and individuals an affordable and quality option for the purchase of health coverage.
- It is part of a broad strategy to lower health care costs and cover the uninsured.
- Participation is voluntary.
- It will look like many health insurance products currently on the market and will be offered by private insurance companies.
- After year one, the Plan may be offered to larger businesses.

What benefits will be offered?

For those who choose to enroll, the Dirigo Health Plan will arrange for affordable, high quality and comprehensive health coverage. It will look and feel like insurance products currently on the market. However, along with an emphasis on primary care, additional benefits will include strategies to improve health and prevent disease and illness.

How does it all work?

How does it ensure access to health coverage?

Dirigo Health will ask employers, employees and individuals who choose to enroll to make monthly payments to the program. To ensure affordability, Dirigo Health will offer subsidies to employees and individuals with incomes less than 300% of the poverty level. A family of four with a household income less than \$55,000 or an individual earning less than \$27,000 a year will receive a subsidy on a sliding scale. The lowest income will receive Dirigo Health at no monthly cost.

How will the Dirigo Health Plan help small businesses?

- It will make affordable and quality health coverage available.
- It is a reliable health plan offering predictability by keeping employee health care costs in control.
- Help to retain and recruit new workers.

How will Dirigo Health control rising health care costs?

Dirigo Health is working with industry and advocacy leaders on developing a State Health Plan to strategically guide future investments in health services statewide. For planning purposes, insurers and providers are agreeing to voluntary one-year limits on cost growth and one-year limits have been imposed on costly new construction that drive rising costs. There will be strengthened review of premium rate increases.

How does Dirigo Health improve quality of care?

Dirigo Health creates the Maine Quality Forum to promote quality of care statewide. With input from industry and advocacy leaders, the Maine Quality Forum will be a clearinghouse of best practices and information to improve health, providing one stop shopping for doctors and consumers.

Who is paying for Dirigo Health? Will my taxes or premiums increase?

Dirigo Health does not increase taxes or raise premiums. After its first year, Dirigo Health is self-financed: employer and enrollee payments, Medicaid dollars, and in year one only, state funds. After year one, the state funds will be replaced by an assessment on insurers' gross premium revenues. This assessment is only levied if and when health care cost savings occur.

¹ Source: Maine Health Access Foundation, A Primer on Health Care Coverage in Maine, Augusta, ME: Maine Health Access Foundation, p. 12

² Source: Muskie School's Institute for Health Policy through a HRSA State Planning Grant, Health Insurance Coverage Among Maine Residents: The results of a Household Survey 2002, May 2003

³ Source: Muskie School's Institute for Health Policy through a HRSA State Planning Grant, Health Insurance Coverage Among Maine Residents: The results of a Household Survey 2002, May 2003

⁴ Source: Kaiser Family Foundation website at www.kff.org



When can I enroll?

The Dirigo Health Plan will be offered
starting July 1, 2004.

Benefit and cost details
will be available this spring.

How can I get more information?

Visit the website at
www.dirigohealth.maine.gov
for the latest information,

e-mail questions to
GOHPF@maine.gov,

or contact the
Governor's Office of Health Policy and Finance
by calling
(207) 624-7442 at any time.

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